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IMPORTANCE OF FOREIGN TRADE IN AGRICULTURAL COMMODITIES

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TRI-AGENCY READING ROOM

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IMPORTANCE OF FOREIGN TRADE IN AGRICULTURAL COMMODITIES 1/

Value of Food Exports Declines in 1967

The value of food products exported in calendar year 1967 dropped to \$3.5 billion--6 percent below a year earlier (table 17). Exports of nonfood commodities also declined. The total value of exports of agricultural commodities declined 7 percent to \$6.4 billion. Part of the drop was due to lower prices, which averaged about $1\frac{1}{2}$ percent lower for products exported. Agricultural exports accounted for one-fifth of all commodities exported from the United States in 1967.

Both animal and crop products shared in the decline in exports of food in 1967. The major contributing factor, however, was a large drop in exports of wheat and flour. A substantial increase in exports of rice--mostly to Vietnam--partly offset the decline.

Value of Food Imports Up Slightly

The total value of food commodity imports rose from \$3.3 billion in 1966 to \$3.4 billion in 1967. Prices averaged about 1 percent lower for the products imported. Increases in the value of imports of sugar, beef and veal, and vegetables more than offset lower imports of coffee, the most important food product imported. Prices were higher for sugar, but lower for coffee. Imports of dairy products rose substantially during the first half year, but dropped sharply in the second half for an overall drop of 3 percent. Agricultural products accounted for about one-sixth of all commodities imported into the United States in 1967.

Exports In Relation to Domestic Supply 2/

The volume of exports accounted for 14 percent of total annual utilization of

all U.S. farm commodities in 1967. This percentage was significantly larger than a decade earlier, but down 1 percentage point from 1966. Export markets were much more important for crop than for livestock commodities, and more important for nonfood than for food commodities (all commodities with any direct food use). In 1967, exports accounted for 18 percent of annual utilization of crop products, down from 19 percent in 1966. For livestock commodities, $2\frac{1}{2}$ percent of total utilization was exported in each year. Exports of food commodities accounted for 12 percent of utilization in 1967 (table 9, page 16).

Domestic production supplied 93 percent of the total annual utilization of farm food commodities in 1967, up significantly from 87 percent in 1966. Imports accounted for 10 percent of utilization in both years. With U.S. production plus imports greater than total utilization in 1967, $3\frac{1}{2}$ percent of the total went into a buildup of carryover stocks. This situation was a reversal from 1966, when flows out of stocks of food commodities contributed $2\frac{1}{2}$ percent to total annual utilization.

1/ By Stephen J. Hiemstra, Head, Food Consumption Section, Economic Research Service.

2/ All of the data in this and later sections were developed from the "supply and utilization" data developed in the Food Consumption Section, ERS. Quantity data are aggregated using constant prices received by U.S. farmers or their equivalent, for the sake of consistency in developing indexes of total supply and utilization of all farm commodities. However, this methodology introduces problems when comparing with current values of exports and imports based on unit values of only the specific items involved, as reported in table 17.

Item	Exports			Imports		
	1966	1967 2/	Change	1966	1967 2/	Change
	mil. dol.	mil. dol.	Pct.	mil. dol.	mil. dol.	Pct.
Food:						
Animal products:						
Dairy products	126	121	-4	3/118	3/115	-3
Beef and veal	18	20	11	354	404	14
Pork	21	18	-14	202	203	---
Poultry meat	52	46	-12	1	1	---
Lard and other fats	38	34	-11	---	---	---
Total 4/	341	320	-6	750	791	5
Crop products:						
Bananas	---	---	---	179	174	-3
Other fruits	315	310	-2	130	138	6
Tree nuts	38	43	13	82	77	-6
Vegetables and preparations	176	164	-7	3/145	3/168	16
Vegetable oils	138	137	-1	69	68	-1
Soybeans	767	772	1	---	---	---
Rice	230	320	39	1	1	---
Wheat and flour	1,564	1,238	-21	4	1	-75
Coffee	20	18	-10	1,080	994	-8
Cocoa	3	2	-33	149	184	23
Tea	---	1	---	57	58	2
Sugar and related products	38	43	13	509	598	17
Wines and malt liquors	2	2	---	100	109	9
Total 4/	3,374	3,162	-6	2,579	2,644	3
All food	3,715	3,482	-6	3,329	3,435	3
Nonfood:						
Animal products:						
Live animals	36	46	28	118	80	-32
Hides and skins	154	127	-18	83	54	-35
Wool	9	7	-22	229	140	-39
Inedible tallow	153	144	-6	---	---	---
Total 4/	385	355	-8	483	327	-32
Crop products:						
Cotton and linters	440	470	7	24	34	42
Tobacco	482	499	4	127	129	2
Inedible oils and oilseeds	97	90	-7	109	107	-2
Oil cake and meal	227	246	8	4	4	---
Corn	876	703	-20	5	5	---
Other feed grains	458	351	-23	15	18	20
Rubber and allied goods	11	10	-9	177	170	-4
Total 4/	2,781	2,549	-8	679	692	2
All nonfood	3,167	2,904	-8	1,162	1,020	-12
All agricultural	6,881	6,386	-7	4,491	4,455	-1
Complementary imports	---	---	---	1,864	1,756	-6
Supplementary imports	---	---	---	2,627	2,699	3
Nonagricultural	22,062	24,234	10	20,869	22,288	7
Total, all commodities	28,944	30,620	6	25,360	26,742	5

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Exports of imported products are small and stock changes likely consist primarily of domestically produced commodities. Consequently, it may be more meaningful to compare exports with domestic production plus the change in carryover stocks (utilization from domestic supply) rather than with total utilization, which includes imports. On this basis, exports accounted for 15 percent of the total domestic supply of all farm and fishery products in 1967, 21 percent for crop foods and $2\frac{1}{2}$ percent for livestock (table 18). **Exports are relatively less important for fishery products than U.S. farm commodities.**

Export markets are important outlets for many U.S. crop products. In 1967, half or more of the total utilization of wheat and rice and a third of the oilseeds and products were exported. Exports were also very important for feed grains-- 13 percent of total utilization of corn and 27 percent for grain sorghums. Export markets took 10 percent of the fruit in 1967, but only $3\frac{1}{2}$ percent of total vegetable and potato products.

Export markets are important for many livestock by-products, such as edible offal, inedible tallow, and lard. However, only 2 to 3 percent of the total utilization of most livestock and poultry products were marketed overseas in 1967. Only 3 percent of the lamb and mutton, but 17 percent of the domestic supply of wool and mohair were exported last year.

Imports In Relation to Domestic Use

Foreign countries are a less important source of U.S. food and other farm products than are export markets for domestic supplies. Imports provided about 13 percent of the total domestic utilization of all farm and fishery products in 1967, down slightly from the year previous. Imported fishery food products, which furnish about half of the total domestic use of these products, alone pushed the total up by half of 1 percentage point.

Overseas sources supplied all or virtually all of the U.S. market for coffee, tea, cocoa, bananas, copra, olive oil, cashews and several other tree nuts, and most spices and condiments. Items not grown in this country were of such importance that a tenth of the total domestic use of all food oils and oilseed products and a fourth of all tree nuts were imported in 1967. Only a small part of total domestic use of vegetables, fruits other than bananas, food grains, and feed grains was imported.

The importance of many complementary crops resulted in importing an average of 15 percent of the total domestic use of all crop products in each of the last 3 years. About nine-tenths of the crop imports were food commodities (all commodities with any direct food use). In contrast, U.S. exports are more heavily weighted with nonfood commodities. Only a little over one-half of the total domestic use of food crop products is for direct food use, with the balance used for feed, seed, and other nonfood purposes. Consequently, imports made up around three-tenths of the total crop foods used directly for food.

Imports of all livestock products were more important in relation to domestic utilization than were export markets as an outlet for U.S. products. Food uses of imported livestock and products accounted for 70 percent of total imports of livestock products, with large imports of wool accounting for the bulk of nonfood agricultural products. Only 3 percent of all livestock food products consumed in this country came from foreign sources.

Imports provided much of the mutton, but little of the lamb consumed in this country. Lamb and mutton imports together supplied a fifth of the domestic market in 1967, with 90 percent of these imports consisting of mutton used almost entirely in processed foods. Beef imports were substantial, accounting for nearly 6 percent of domestic utilization in 1967. Most was "manufacturing-grade" beef,

Table 18.--Exports and imports of farm and fishery products
in relation to domestic supply and utilization,
by major commodities, calendar years, 1965-67 1/

Commodity group	Exports as a percentage of domestic supply			Imports as a percentage of domestic utilization		
	1965	1966	1967 <u>2/</u>	1965	1966	1967 <u>2/</u>
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
<u>Livestock and products</u>						
Cattle and calves	3.5	3.2	3.3	4.3	5.1	5.6
Hogs	2.2	2.1	2.0	2.7	3.1	2.9
Lamb and mutton	2.1	2.6	3.4	21.8	25.1	21.4
Wool and mohair	21.4	20.2	16.8	82.3	80.9	73.5
Dairy products	4.0	2.1	2.0	.6	1.7	1.8
Poultry products	2.0	1.7	1.7	<u>3/</u>	.1	<u>3/</u>
Other livestock	4.7	4.8	5.3	4.7	4.8	7.7
All livestock products	3.2	2.5	2.5	4.3	5.0	4.6
<u>Fishery products</u>	7.8	9.0	8.4	44.9	51.9	48.3
<u>Crop products</u>						
Fruit, total	9.7	10.7	10.0	18.7	19.5	19.1
Bananas	0	0	0	99.8	99.6	99.6
Other	9.7	10.7	10.0	3.6	3.6	3.6
Treenuts, total	10.1	9.8	9.3	22.5	27.0	25.5
Domestic crops <u>4/</u>	10.1	9.8	9.3	<u>3/</u>	3.3	4.1
Cashews, other treenuts	0	0	0	100.0	100.0	100.0
Vegetables and potatoes <u>5/</u>	3.4	3.6	3.4	1.9	2.0	2.4
Food grains	51.1	56.1	52.4	.7	.7	.7
Feed grains	15.8	15.5	13.5	.2	.2	.1
Food oils and oilseeds, total	37.1	35.2	35.8	10.3	10.5	9.3
Domestic crops <u>6/</u>	37.1	35.2	35.8	.3	.3	.6
Copra, other oils and oilseeds	---	---	---	102.7	93.2	91.8
Sugars and sirups <u>7/</u>	1.4	1.2	1.2	46.0	48.2	50.2
Coffee, tea, cocoa	---	---	---	99.4	102.1	97.8
Nonfood crops <u>8/</u>	18.0	18.0	19.6	6.6	7.3	8.2
All crop products	21.4	22.1	21.0	15.3	15.2	15.5
Net total commodities <u>2/</u>	16.0	16.8	15.5	13.0	13.9	13.4

1/ Domestic products are weighted using 1957-59 average farm and wharf prices; nondomestic, dock-side prices. Domestic supply equals production plus stock changes (total utilization minus imports); domestic utilization equals total utilization minus exports. On 50-State basis.

2/ Preliminary.

3/ Less than 0.05 percent.

4/ Almonds, filberts, walnuts, pecans and macadamias.

5/ Includes dried beans and peas, cowpeas, popcorn, and mustard seed.

6/ Sunflower seed, cottonseed, flaxseed, peanuts, and soybeans.

7/ Inshipments from Puerto Rico and Virgin Islands, included with imports, amounted to 7.4 percent of domestic utilization in 1965, 6.1 percent in 1966, and 6.0 percent in 1967.

8/ Cotton, tobacco, broomcorn, field crop seeds, hay, hops, sorghum forage and silage, vegetable seeds, and nonfood oil crops (castor beans, palm kernels and palm fruit, rapeseed, and tung nuts).

2/ Seed and feed used domestically excluded to avoid duplication in aggregating crop and livestock commodities.

equivalent to U.S. cow beef. Relatively small proportions of pork and dairy products and almost no poultry products were imported in 1967.

Imports of fishery products were very important again in 1967. As a proportion of domestic utilization, they declined slightly from the 1966 level, although they remained substantially larger

than a decade earlier. Production of domestic fishery products has remained relatively stable in recent years, with all of the increase in the total market going to foreign suppliers. Shrimp is the most important product imported, but imports of tuna, groundfish, and lobster tails also are important. Imports of shellfish have accounted for much of the increase in total fishery products in recent years.

